

Statement of David K. McCune To:
The Financial Institutions & Consumer Credit
Subcommittee of the Committee on Financial Services
U.S. House of Representatives
On The Employee Ownership Bank Act
Washington D.C. June 10, 2003

Good afternoon, I am David K. McCune, United Steelworkers Local 1124-01 Unit Chairman representing the employees of a longstanding stainless steel cold rolling facility last known as Massillon Stainless Inc., located in Massillon, Ohio.

I am here today to provide you a history of our facility, along with a brief summary of our ongoing efforts to save and reopen the facility in which we worked. For you see we have fought for the last several years to keep our facility operational, not only because of our jobs there, but also because we believe we fight for a *piece* of American history.

The facility in which we worked was originally part of the old Republic Steel Corporation. At that time we were known as the Enduro Division of Republic Steel. Our facility was the first all-encompassing manufacturer of stainless sheet and strip in the United States. It at one time had the ability to produce stainless sheet and strip in widths ranging from 3/8" to 60" wide, and in gauges from .009 to .310. For many, many years we were the only stainless facility in the world with 60" capability.

As I alluded to earlier, we consider our plant, our facility, as being part of the history of America. Much of the product that was manufactured in our facility over these past many years contributed to some of the most famous landmarks of our Nation, has aided in the arming of our forces during war, along with supplying normal everyday businesses as well.

If you ever had the opportunity to visit the former World Trade Center, the Twin Towers if you will... When you stood in that big, beautiful shiny lobby... That shiny stainless steel was produced in our facility.

If you have ever visited the Empire State Building... Again, the shiny stainless steel trim, not to mention some of the unseen heavy construction material was produced in our facility. The same can be said in regard to the Chrysler Building. For we produced the shiny ornamental stainless you see in and on that building as well.

These are just a few examples of *our* contribution to *our* Nation's history.

Our facility also contributed to the arming of our fighting forces in WWII, Korea, and Vietnam. We feel that as workers in this facility that we have through the production of high quality stainless armor plate contributed not only to our Nation's, but many other Nations of the World's freedom as well.

And as I mentioned earlier our product is seen by nearly all of you depending on your health, and your eating habits possibly on a weekly if not daily basis. When you are sick, need care, and have to visit your Physician, these patient care facilities quite probably contain stainless steel produced in our facility.

Many, many, of the hospitals and doctors' offices east of the Mississippi river quite probably utilize stainless steel produced in our facility in their patient care facilities through many, many different applications.

The same can be said for those of you that might occasionally eat at a McDonald's Restaurant built prior to 1999. The stainless steel you see being utilized as countertops and in the serving area, anywhere you might see stainless in a McDonald's Restaurant east of the Mississippi river was more likely than not produced in our facility.

So I believe you might understand with our contributions to our Nation's building history, our contribution in providing armor plate to our forces in time of war, along with our contributions to people's everyday lives, why we are proud of, and willing to fight for the continued existence of the facility and our jobs there. We, and by we I mean not only those of us that still hold out hope of reopening the facility and working there again, but also because so many of us are second and even third generation steelworkers of the facility, we believe we fight for our Fathers and Grandfathers as well.

We believe we fight not only for a manufacturing facility but also for a *piece* of American history. A history that not only we, but a history that our Fathers, Grandfathers, and yes, even our some of our Grandmothers contributed to through these many, many years of stainless production in Massillon, Ohio.

It is because of our willingness to continue to fight for survival that I am here today. For I truly believe had a *vehicle* such as The Employee Ownership Bank existed last year when I was first made aware of the financial position of the company, we would still be in operation today rather than hoping and praying that our last interested entity steps forward, purchases the facility, and in the process saves our jobs and a piece of all of our American history.

I will share with you a brief history of our most recent efforts to save the facility, along with why I believe we were unsuccessful, at least to this point, in saving the facility.

Last April through a joint Labor / Management Steering Committee, the employees were notified that the Company's financial position was eroding and that cost-cutting measures would need to be implemented. At this point, as I had nearly since the initial purchase of the facility by Jindal Strips Ltd., I inquired of their interest in a possible ESOP of the Company, but I believe due to our cultural differences, the ownership was unwilling to explore, as they had been unwilling before, a shared ownership of the Company with the employees. You see, Jindal is a company from India where employee involvement is well... Taboo.

Most people were amazed I was able to get the management group to involve themselves in a team-based work system; no one was surprised I could not convince them to share in the ownership of the facility. Until... July of last year when management approached me with their willingness to explore the possibility of an ESOP.

It was at this time we requested representatives of the Ohio Employee Ownership Center come to the facility and explain the *how's* and *why's* ESOP companies make sense.

At this meeting, it was decided that a pre-feasibility study should be performed and that it's findings would determine what course if any could be taken to save the facility and our jobs. The pre-feasibility study rendered a decision that the Company had waited too long, the business was now in dire straights and that an ESOP was at this time not an option. It was also at this time our efforts became a "Save The Facility" effort through the hopeful identification of a Strategic Partner.

We followed the guidelines set forth by the OEOC and after interviewing several firms it was jointly decided that Locker Associates headquartered in New York City presented us the best opportunity to identify a potential strategic partner. Through the funding of the O.E.O.C. along with the generous donations made by the City of Massillon, along with both the District and Local Union we were able to retain Locker Associates to begin the search.

Locker Associates contacted many entities and were in the process of identifying a potential partner when the Owner/CEO of Jindal Strips Ltd. arrived at the facility and informed everyone he no longer desired to be part of the facility in any capacity, and shortly thereafter announced the impending shutdown of the facility. This was last September.

At this point the effort to save the facility by now identifying a purchaser became an "Employee Only" effort.

Rather than bore you all with the many ups and downs we have endured these past several months, I will give you but one example of how had an Employee Ownership Bank existed why I believe we would be operational today...

Locker Associates identified a long-standing domestic Company that was willing to purchase the facility and in the process include the employees in ownership *of*, but because of the financial climate not only in the Country, but in the Steel Industry in general at the time, this entity was unable to identify a lending institution willing to invest in a shutdown stainless cold rolling facility.

Ladies and gentlemen, it is at this point that I truly believe had a *vehicle* such as the proposed Employee Ownership Bank existed we would have been able to jointly purchase our facility in a partnership with this entity. But because no such *vehicle* exists, I find myself out of work and hoping that as I indicated earlier our last interested party will step forward and purchase the facility and save our jobs.

But, should they decide to not purchase... Our jobs and a *piece* of our American history will cease to exist forever. The site will be razed, the equipment sold, most likely to a Third World nation, and the machinery that has produced material that has fought three wars, aided in the construction of some of this Nation's most notable Buildings / Landmarks, will be producing stainless steel in another country only to be shipped back into our Country at the cost of American manufacturing jobs.

I appreciate everyone taking the time here today to listen to the story of our plant, and of our most recent fight for survival, but most importantly that you are here today to hopefully take a giant step in the direction of creating a *vehicle* that will help workers of this Nation help themselves now, and into the future.

Sincerely,

David K. McCune
Unit Chairman
U.S.W.A. Local 1124-01
Massillon, Ohio